

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PEAKS MILL WATER)	
DISTRICT FOR A DEVIATION FROM ITS)	CASE NO. 89-230
EXISTING EXTENSION OF SERVICE TARIFF)	

O R D E R

On August 14, 1989, Peaks Mill Water District ("Peaks Mill") filed for Commission approval of a proposed special contract between Peaks Mill and a developer, Ricky Hardy ("Hardy"). The contract covers water service to Ridgewood Subdivision #4 ("Subdivision") in Franklin County, Kentucky, which is being developed by Hardy. Hardy will construct the lines at his full cost and then transfer the lines to Peaks Mill's ownership, after inspection and approval by Peaks Mill. Under the contract Hardy will not receive any refunds from Peaks Mill for customers who connect to the system. In this latter respect the contract contravenes the general requirement that refunds be made in such cases. The approval granted herein does not constitute a waiver for Peaks Mill from complying with the Commission's extension of service regulations in the future.

The Commission finds that construction of the lines pursuant to the special contract would be more economical than if Peaks Mill did the work. Hardy is a contractor as well as a developer and has indicated to Peaks Mill that he wants and intends to do

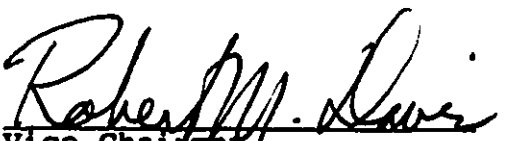
all of the construction of the lines. The Commission also finds that requiring Peaks Mill to make refunds to Hardy would severely disrupt Peaks Mill's cash flow and would endanger its financial resources. Hardy is willing to undertake performance of the special contract despite his entitlement otherwise to the refunds. Hardy signed the proposed contract and received a copy of the responses by Peaks Mill to Commission data requests of September 18, 1989. No complaint concerning the contract's terms has been lodged by Hardy. He appears to have accepted the terms of the special contract freely.

IT IS THEREFORE ORDERED that the special contract by and between Peaks Mill and Hardy regarding the Subdivision shall be and hereby is approved.

Done at Frankfort, Kentucky, this 7th day of November, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director